



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

VIA ELECTRONIC MAIL

November 5, 2009

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TO: All Department Heads

From: William T Fujioka
Chief Executive Officer

BUDGET CONCERNS AND REQUIRED MANAGEMENT ACTION

Although we have a Final Adopted County Budget for fiscal year (FY) 2009-10, the economy remains weak, and a combination of factors currently threatens to create a serious projected budget shortfall in FY 2010-11. We must turn our focus to the important task of implementing and monitoring many of the critical financial elements contained in the current budget, as well as begin preparation to face the challenges for FY 2010-11.

One of the major areas that requires your attention is the tracking and collecting of the revenues which support planned expenditures. In the last two years, County cash flows have been stressed by declining local revenue, delayed payments by grantor agencies, and the formal deferral of scheduled transfers from the State. These problems will likely persist, and may intensify in FY 2009-10 and beyond.

It is incumbent upon each department head to closely monitor actual receipts against a budget plan and take timely, aggressive action to invoice, book, collect and follow-up on all revenue. Delayed State program advances and reimbursements require your immediate attention to resolve. Departments which bill clients for service rendered must follow-up timely and refer overdue payments to the Treasurer and Tax Collector (TTC) for assistance as soon as possible after the department's own collection efforts are deemed unsuccessful. Departments may contact TTC for advice and assistance with improving collections. Further information on the role of TTC in collections was provided by the Chief Executive Office (CEO) memo of October 16, 2009.

"To Enrich Lives Through Effective And Caring Service"

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Auditor/Controller, TTC and CEO staff meet regularly to discuss and monitor the General Fund and Hospital Enterprise Funds cash flows. We are working with several departments reliant on substantial State and Federal program funding to ensure that anticipated revenues are collected timely and to pin-point and act on payment delays. All department heads must evaluate their own revenue tracking process so that we can keep expenditures in line with actual receipts. Significant delays or reductions in revenue during the year will require potential service cuts. We must all do our part to insure that actual receipts are posted and collected timely. Furthermore, we must all strive to enhance existing and potential revenues to maintain vital public services.

In addition, we must remain vigilant in our adherence to current limitations on hiring and other non-essential spending. The hard hiring freeze and the freeze on non-essential services and supplies, and fixed assets, first approved by the Board in February, will continue throughout this fiscal year and possibly into FY 2010-11. Departments must also scrutinize all overtime to assure approval only for the most critical functions and programs. It is absolutely critical for department heads to contain current spending as we prepare for likely budget reductions in FY 2010-11.

Budget instructions for FY 2010-11 are anticipated to be released in mid-to-late November. Your proposals for cost-saving initiatives will be required as part of your budget request, but early suggestions are encouraged. Every department head should initiate and/or enhance efficiency initiatives with the goal of identifying additional ways to streamline processes, and/or reduce costs. The Efficiency Initiative Website is available, at <http://EfficiencyInitiative.LACounty.Gov>, for you to list and share projects, as well as ideas.

Thank you for your attention to these important matters.

WTF:SK
EC:AB:yjf

c: Each Supervisor